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BEFORE THE BOARD OF PATENT APPEALS AND INTERFERENCES

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GROUP 3600

Application Number: 09/307,752
Filing Date: May 10, 1999
Appellant(s): CHAGANTI, NAREN

Naren Chaganti
For Appellant

EXAMINER'S ANSWER

This is in response to the appeal brief filed December 6, 2004.

(1) Real Party in Interest

A statement identifying the real party in interest is contained in the brief.

(2) Related Appeals and Interferences

A statement identifying the related appeals and interferences which will directly affect or be directly affected by or have a bearing on the decision in the pending appeal is contained in the brief.

(3) Status of Claims

The statement of the status of the claims contained in the brief is correct.

(4) Status of Amendments After Final

No amendment after final has been filed.

(5) Summary of Claimed Subject Matter

The summary of claimed subject matter in the brief is correct.

(6) Grounds of Rejection to be Reviewed on Appeal

The appellant's statement of the issues in the brief is correct.

(7) Claims Appealed

The copy of the appealed claims contained in the Appendix to the brief is correct.

(8) Prior Art of Record

5,873,071	FERSTENBERG	2-1999
6,161,099	HARRINGTON ET AL.	12-2000
6,023,685	BRETT ET AL.	2-2000
6,035,287	STALLAERT ET AL.	3-2000

Crain's New York Business, Marketing Intellectual Property Online, Nov. 17, 1997, Vol. XIII, No. 46, page 12.

John Downes and Jordan Elliot Goodman, Dictionary of Finance and investment Terms, Fifth Edition Barron's Educational Services, 1998, pages 55, 147, 156 and 541.

(9) Response to Argument

For convenience, the Final Office Action is reproduced below. Response to Appellant's arguments in the Appeal Brief immediately follows the Final Office Action.

__Final Office Action__

Claim Rejections - 35 USC § 102

The following is a quotation of the appropriate paragraphs of 35 U.S.C. 102 that form the basis for the rejections under this section made in this Office action:

A person shall be entitled to a patent unless –

(e) the invention was described in a patent granted on an application for patent by another filed in the United States before the invention thereof by the applicant for patent, or on an international application by another who has fulfilled the requirements of paragraphs (1), (2), and (4) of section 371(c) of this title before the invention thereof by the applicant for patent.

Claim 7, 17 and 23-24 and 33 are rejected under 35 U.S.C. 102(e) as being anticipated by Ferstenberg et al, already of record, item BB, paper No. 3.

Concerning Claim 7, Ferstenberg et al discloses the invention as claimed including in a computer-implemented method of marketing an intangible property (Summary of the Invention), the steps of:

Establishing an electronic marketplace (Col. 1, line 14 to Col. Col. 11, line 56);

Assigning an identifier to said intangible property interest (Col. 42, line 48, Table 8. "Asset Identifier"; Col. 38, lines 57-67);

Storing the identifier (Col. 47, lines 5-17);

Receiving a bid for purchase of said intangible property interest (Col. 42, line 42, Table 8, "Asset is Bid for Purchase"); and

Selling the property interest (Summary of the Invention).

Concerning Claim 17, Ferstenberg et al disclose registering an intangible property interest as assigning an identifier of the interest at Col. 42, line 48, Table 8. "Asset Identifier"; Col. 38, lines 57-67 and storing the identifier at Col. 47, lines 5-17.

Concerning Claim 23, Ferstenberg et al disclose an electronic marketplace comprising a programmed computer coupled to a communication network at the Background of the Invention and the Summary of the Invention.

With respect to Claim 24, see the discussion of Claims 7 and 17 above and Ferstenberg et al further disclose displaying identifiers of intangible property interests at Col. 43, lines 51-62 and Col. 44, line 64 to Col. 45, line 10.

With respect to Claim 33, see the discussions of Claims 7 and 24 above Ferstenberg et al further discloses that in an intermediated exchange of commodities in a portfolio (Background and Summary of the Invention) a record for the investment portfolio is stored (Col. 4, lines 4-44). Further, a record for such a portfolio of intangible property interests would have been inherent to the method, as lacking such records, the system could not have operated.

Claim Rejections - 35 USC § 103

The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

> (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negatived by the manner in which the invention was made.

Claims 16 is rejected under 35 U.S.C. 103(a) as being unpatentable over Ferstenberg et al.

As to Claim 16, see the discussion of Claim 17 above and it would have been obvious to have invited a seller to register a property because this would have provided part of the information necessary to have concluded an agreement between the seller and the provider of the method for the sale of the intangible property interest.

Claims 39 is rejected under 35 U.S.C. 103(a) as being unpatentable over Harrington et al.

Regarding Claim 39, Harrington et al disclose the invention substantially as claimed including in a computer-implemented method of selling a share in intangible property interests (Summary of the Invention) the steps of:

Computing a plurality of shares in an intangible property interest (Col. 6, lines 20-26);

Outputting a prospectus for shares in said intangible property interest (Col. 6, lines 27-30);

Computing a price for a share of said intangible property interest (Col. 8, lines 18-28; Col. 9, lines 40-55);

Receiving a bid for a share of said intangible property interest (Fig. 10; Col. 9, lines 23-29);

Storing on a computer-readable medium a buyer's ownership interest in the share of said intangible property interest (Col. 5, lines 29-42).

Harrington et al do not specifically disclose that the property interest is formed in a single intangible property interest. Rather, they teach that the property interest results from bidding on a package of multiple property interests at Col. 10-26. It would have been obvious to one of ordinary skill in the art at the time of the invention to have conceptually treated the package of interests disclosed by Harrington et al as a single interest because this would have reduced the complexity of bidding. Additionally, Applicant's amendment of the claim language adds no patentable feature. Ownership, now recited in the preamble, was addressed previously; selling is inherently to a buyer.

Claims 8-9,26-27, 34 and 35 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ferstenberg et al in view of Crain's New York Business.

Concerning Claims 8 and 9, Ferstenberg et al discloses the invention substantially as claimed. See the discussion of Claim 7 above. Ferstenberg et al do not specifically disclose that the intangible property can be an interest in an intellectual property asset. Crain's discloses that

intellectual property can be sold in a computer-implemented method and that the intellectual property can be patents, trademarks or copyrights at the Abstract. It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the intellectual properties disclosed by Crain's in the method of Ferstenberg et al because this would have provided the benefit specifically disclosed by Crain's at page 2, bracketed text of helping small companies market their patents, copyrights and trademarks.

Concerning Claims 26 and 27, see the discussion of Claims 8 and 9 above.

Concerning Claims 34 and 35, see the discussion of Claims 8 and 9 above.

Claims 10, 12, 15, 20, 28, 30, 36 and 38 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ferstenberg et al in view of Brett et al.

As to Claim 10, Ferstenberg et al discloses the invention substantially as claimed. See the discussion of Claim 7 above. Ferstenberg et al do not specifically disclose that the intangible property interest is within the group of license, lease easement or goodwill. Brett et al disclose a sold intangible property interest as a license (ticket) at the Abstract, Background of the Invention and Summary of the Invention. It would have been obvious to one of ordinary skill in the art at the time of the invention to have sold the licenses disclosed by Brett et al in method of Ferstenberg et al because this would have provided the advantages specifically disclosed by Brett et al at Col. 3, line 45-59 and quoted below.

Accordingly, an object of the present invention is to provide a computer controlled auctioning system, in which an unlimited number of participants may have simultaneous access to the desired event tickets. The above stated needs as well as others are fulfilled by the present invention through a system constructed to sell a large number of tickets in a very short time, each said ticket or group of tickets being sold for a value set by existing market forces. The system provides participants with simple, yet informative graphical standing bid information on the

entire stock of tickets available, and allows them real-time bidding interaction. This system can achieve such sales even for events of extremely high public interest, without excluding any potential purchasers.

Concerning Claim 12, see the discussion of Claim 10 above and Brett et al further disclose the right to the use of a place (a ticket) at Abstract, Background of the Invention and Summary of the Invention. See the discussion of Claim 10 above for a motivation to combine the teachings of the two references.

Regarding Claim 15, Brett et al disclose displaying an identifier of the intangible property interest at Col. 8, lines 37-55. It would have been obvious to display such an identifier in the method of Ferstenberg et al because this would have allowed potential buyers to have known the items for which they might bid.

With respect to Claim 20, Brett et al disclose displaying an ask price at Col. 7, lines 25-38 and this would have been obvious because it would have allowed the buyer to place bids which were assured of being acceptable to the seller, thus avoiding ineffectual bids.

Concerning Claim 28, see the discussion of Claim 10 above.

Concerning Claim 30, see the discussion of Claim 12 above.

Concerning Claim 36, see the discussion of Claim 10 above.

Concerning Claim 38, see the discussion of Claim 12 above.

Claims 13, 14, 18, 19 and 31-32 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ferstenberg et al in view of the Dictionary of Finance and Investment Terms.

Concerning Claim 13, Ferstenberg et al disclose the invention substantially as claimed. See the discussion of Claim 7 above. Ferstenberg et al do not specifically disclose that the intangible property interest is an interest derived from another intangible property interest. Dictionary discloses such an interest as a secondary mortgage loan at page 541. It would have been obvious to one of ordinary skill in the art at the time of the invention to have provided such a selling method for the interests disclosed by Dictionary in the method of Ferstenberg et al because this would have provided a market for a form of collateralized loan such as is specifically disclosed by Ferstenberg et al as an item tradable in their method. See Col. 1, lines 12-22.

As to Claim 14, see the discussion of Claim 13 above regarding second intangible property interests. It would have been obvious to one of ordinary skill in the art at the time of the invention to have allowed sale of shares of such interests because this would have broadened the market to which such interests could have been sold by lowering the "entry fee" to purchase of such an interest.

As to Claim 18, Ferstenberg et al disclose the invention substantially as claimed. See the discussion of Claim 7 above. Ferstenberg et al do not specifically disclose that a price is computed for the intangible property interest. Dictionary discloses such pricing at page 55. It would have been obvious to one of ordinary skill in the art at the time of the invention to have provided such pricing for the interests as is disclosed by Dictionary in the method of Ferstenberg et al because this would have provided a method of comparably pricing different intangible properties (options) disclosed by Ferstenberg et al at Col. 1, lines 12-22.

Regarding Claim 19, see the discussion of Claim 18 above and Dictionary further discloses that the Black-Scholes formula as a way to fairly value options.

Regarding Claim 31, see the discussion of Claim 24 above. Ferstenberg et al do not specifically disclose the computation and distribution of income from an intangible property interest, although they disclose the applicability of their invention to stocks. See Column 1, lines 14-25. Dictionary, at page 156, discloses the distribution of stock dividends, an income derived from stocks. These dividends must inherently be calculated. It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the dividend distribution disclosed by Dictionary in the method of Ferstenberg et al because this would have made income realization for the intangible property holder more convenient and so enhanced the popularity of the method.

Concerning Claim 32, see the discussion of Claim 13 above.

Claims 11, 21-22, 29 and 37 are rejected under 35 U.S.C. 103(a) as being unpatentable over Ferstenberg et al in view of Stallaert et al.

Concerning Claim 11, Ferstenberg et al disclose the invention substantially as claimed. See the discussion of Claim 7 above. Ferstenberg et al do not specifically disclose that rights conferred by an intangible property interest are bundled. Stallaert et al disclose this feature at Col. 1, line 10 to Col. 3, line 32. It would have been obvious to one of ordinary skill in the art at the time of the invention to have provided for the bundling of rights disclosed by Stallaert et al in the method of Ferstenberg et al because this would have avoided losses of trading individually in a fragmented market as specifically disclosed by Stallaert et al at Col. 2, lines 21-34.

As to Claim 21, Stallaert et al disclose the matching of bundles, which would have had prices, at Col. 2, lines 37-45.

Regarding Claim 22, see the discussion of Claims 7 and 11 above and Stallaert et al further disclose offering for sale a share of an intangible property interest at Col. 9, line 66 to Col. 10, line 16 and Abstract, and Summary an Background of the Invention.

Concerning Claim 29, see the discussion of Claim 11 above.

Concerning Claim 37, see the discussion of Claim 11 above.

Claims 40-41 are rejected under 35 U.S.C. 103(a) as being unpatentable over Harrington et al in view of Crain's New York Business.

Concerning Claims 40 and 41, Harrington et al discloses the invention substantially as claimed. See the discussion of Claim 39 above. Harrington et al do not specifically disclose that the intangible property can be an interest in an intellectual property asset. Crain's discloses that intellectual property can be sold in a computer-implemented method and that the intellectual property can be patents, trademarks or copyrights at the Abstract. It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the intellectual properties disclosed by Crain's in the method of Harrington et al because this would have provided the benefit specifically disclosed by Crain's at page 2, bracketed text of helping small companies market their patents, copyrights and trademarks. Further, intellectual property rights are intangible property interests in the same way that the interests disclosed by Ferstenberg et al are.

Claims 42 and 44 are rejected under 35 U.S.C. 103(a) as being unpatentable over Harrington et al in view of Brett et al.

As to Claim 42, see the discussions of Claims 39 and 10 above.

Regarding Claim 44, see the discussions of Claims 39 and 12 above.

Claim 43 is rejected under 35 U.S.C. 103(a) as being unpatentable over Harrington et al in view of Stallaert et al.

With respect to Claim 43, see the discussions of Claims 39 and 11 above.

Detailed Response to Arguments

Appellant begins substantive comments at page 7 of the Appeal Brief. Appellant correctly identifies a critical point of debate as being of terminology and not substance. The Examiner does *not* concede that if a term different from "intangible property" were used that the claims would overcome *Ferstenberg*, not knowing what such a term would be. Appellant states his fundamental premise that the term "intangible property" should be redefined in light of the Specification. The Examiner first notes that no clear definition of intangible property is present in the Specification. Text related to the concept of intangible property is quoted below from the Specification and is seen to not be a clear definition, but is rather exemplary and indefinite. At no point does Appellant specifically declare that the term "intangible property" has a specific definition. At Background of the Invention of the Specification, Appellant sets out *examples* of intangible properties using terminology quoted below:

""... ***such as a patent***"

"***and other similar*** rights"

"*services* ***such as*** *a musician's concert time*"

Nor does the Summary of the Invention provide clear insight as to what constitutes intangible property. Quoted here, it says:

> *In a preferred embodiment, the method includes inviting sellers and buyers to register and trade shares of special property comprising intangible property* ***such as*** *patents, trademarks, copyrights, leases, easements, right of way, air, land or sea route; objects* ***such as*** *a single collectible baseball, a communications satellite', personal rights* ***such as*** *a right to future income of a person, light to a person's life story; and services* ***such as*** *a musician's concert recital time or a babysitter's time.*

Further in the Background of the Invention, Appellant discusses online stock trading on the Internet and then continues to confuse his definition of intangible property by referring to a need for system and method to accommodate sales of *such tangibles and intangibles*. One can only conclude that Appellant intends that stocks, such as those of *Ferstenberg*, are intended to be included in his definition of intangible property. Quoted here, it says:

> ***Online stock trading*** *has become possible with the proliferation of the interconnected public data communications networks, commonly called the Internet, and colloquially called the web. E-Trade, National Discount Brokers Online, Charles Schwab company, and many other organizations offer electronic trading services to individuals via the web. Typically in these services, a user connects to the web using a personal computer. Using a browser program such as the commonly used Netscape Navigator browser program, a user can lookup the prices of various stocks listed in a standard exchange such as the New York Stock Exchange.*
> ***There is a need, therefore, for a system and method to accommodate sales of such tangibles and intangibles in the marketplace and allow buyers and sellers to sell shares or rights to the earnings of intangibles to the highest bidder.***

There clearly is not a specific redefinition of "intangible property" in Appellant's Specification; elements are exemplary only and cannot be used to infer claim limitations.

Further, the MPEP clearly delineates requirements for what constitutes a clear inventor's definition for use in understanding claims in other than ordinary and customary meaning. These are set out at MPEP 2111.01; relevant portions are excerpted below:

> *The ordinary and customary meaning of a term may be evidenced by a variety of sources, Brookhill-Wilk 1, LLC v. Intuitive Surgical, Inc., 334 F.3d 1294, 1298, 67 USPQ2d 1132, 1136 (Fed. Cir. 2003), including: the claims themselves, Process Control Corp. v. HydReclaim Corp., 190 F.3d 1350, 1357, 52 USPQ2d 1029, 1033 (Fed. Cir. 1999); dictionaries and treatises, Tex. Digital Sys., Inc. v. Telegenix, Inc., 308 F.3d 1193, 1202, 64 USPQ2d 1812, 1818 (Fed. Cir. 2002); and the written description, the drawings, and the prosecution history, see, e.g., DeMarini Sports, Inc. v. Worth, Inc., 239 F.3d 1314, 1324, 57 USPQ2d 1889, 1894 (Fed. Cir. 2001).*

and

> *An applicant is entitled to be his or her own lexicographer and may rebut the presumption that claim terms are to be given their ordinary and customary meaning by clearly setting forth a definition of the term that is different from its ordinary and customary meaning(s). See In re Paulsen, 30 F.3d 1475, 1480, 31 USPQ2d 1671, 1674 (Fed. Cir. 1994) (inventor may define specific terms used to describe invention, but must do so "with reasonable clarity, deliberateness, and precision" and, if done, must "set out his uncommon definition in some manner within the patent disclosure' so as to give one of ordinary skill in the art notice of the change" in meaning) (quoting Intellicall, Inc. v. Phonometrics, Inc., 952 F.2d 1384, 1387-88, 21 USPQ2d 1383, 1386 (Fed. Cir. 1992)).*

Appellant has not defined "intangible property" in such a clear, deliberate and precise way as to clearly show that his definition give one of ordinary skill in the art proper notice of a change in meaning.

A quotation from *Ferstenberg* at Col. 38, line 57 to Col. 39, line 3 is as follows:

As discussed, this invention is particularly adapted to the exchange of financial commodities, and in this section the preferred implementation adapted to this exchange is described. ***Financial commodities include such intangibles as stocks and bonds, as well as contracts for the future exchange of tangible or intangible commodities, known as options.*** *Preferably, these commodities are traded in financial markets during which publicly available bid and ask prices are established. Financial commodities are often identified by a number*

selected by the Committee of Uniform Security Identification (the "CUSIP number"), or by an exchange trading symbol, and in the following the word "symbol" is often used synonymously with financial commodity.

Ferstenberg is thus clearly drawn to the marketing of stocks as intangible property, as is claimed in claim 7, and anticipates this limitation as well as all others.

It is thus clear that Appellant fails to provide a clear, deliberate and precise definition of intangible property on which he can rely to notify those skilled in the art of a change in meaning of the term. It is further clear that *Ferstenberg* clearly defines stocks as intangible property, anticipating Appellant's intangible property limitation.

Issue 1

Given the clarity of the quotation from *Ferstenberg* directly above, the Examiner has no need to, and did not rely depend on *Dictionary* in the rejections of the claims 7, 17, 23-24 and 33. At page 9, first paragraph, Appellant makes the assertion that the Examiner did rely on *Dictionary* for a definition of intangible property. The Examiner has reviewed the prosecution history for evidence of reliance on *Dictionary* for definition of "intangible property." The only mention of *Dictionary* in other than a rejection of dependent claims 13, 14, 18, 19 and 31-32 is in a discussion of options, a financial instrument. The citation was used in the June 30, 2002 response to Appellants arguments. The citation was used to show that options are intangible, *in addition to the already cited intangible property of stocks cited from Ferstenberg*. The Examiner notes that *Ferstenberg* discloses marketing of intangible properties and thus, Appellant's assertion at page 9, second paragraph, that the Examiner improperly relied on extrinsic evidence is wrong. *Ferstenberg* stands by itself.

A. Appellant next addresses the issue of reference to the Specification to understand claim language, beginning at page 11, second full paragraph. The Examiner agrees with Appellant's observation that the first mandate is to consult the claims. The Examiner holds that in the instant application this is all that need be done, given the clear disclosure of *Ferstenberg*. At page 12, Appellant cites case law providing guidance as to how to understand claim language not clear on its face, but does not explain the relevance to his claim language. Appellant cites no claim language which could be seen as unclear, thus requiring reference to the Specification.

At page 12, last paragraph, Appellant cites *Interactive Gift Express* to show that technical terms must be understood in light of terms defined in the Specification. As seen above, "intangible property" is *not* particularly or clearly defined in Appellant's Specification and so such reference is unnecessary. The clearly stated description of *Ferstenberg* is sufficient.

At page 13, Appellant continues citation of case law without explanation of the relevance of the citations to the issue of defining intangible property. At last paragraph, Appellant cites case law which restates the concept that intrinsic evidence must clearly set forth or clearly define a claim term; as seen above, Appellant's Specification does not meet this requirement. Appellant, then provides a quote that the Specification must exhibit an "express intent to impart a novel meaning " to claim terms. Given that stocks are referred to as "such ..intangible properties"in Appellant's Background of the Invention, no express intent is at all clear.

At beginning page 14, Appellant cites case law stating that the Specification can provide "guidance" as to claims meaning but provides no rationale as to why this is necessary in the instant application.

At page 15, Appellant returns to argument regarding extrinsic evidence. As noted above, the Examiner did not rely on extrinsic evidence. *Ferstenberg* stands by itself, specifically disclosing the intangible property element claimed by Appellant.

At page 16, Appellant sets out a series of steps to understand claim language. Given the discussion above, it is clear that there is no need to use any step beyond step a), where the claim language is read for its clear meaning.

At pages 17-19, Appellant continues citation of case law without explanation of its relevance to issues at hand.

B. At bottom page 19, Appellant attempts to buttress his argument regarding a specific definition of intangible property but further confuses his definition. Appellant refers to intangible property interests "***such as*** chattel paper, ***various kinds*** of rights, obligations, and intellectual property (***e.g*** patents, trademarks, trade secrets, and copyrights) and ***several*** derived property interests". At Appellants suggestion, the Examiner has looked to the Specification but finds no mention of the chattel paper or trade secrets which Appellant cites as support for his definition of intangible property. As noted above, Appellant's use of "such as", "various kinds" and "several" is unclear and does not provide clarity, deliberateness, and precision of definition. Appellant actually provides a nexus between his definition of intangible property and that of *Ferstenberg*. Appellant refers to his intangible property as "various kinds of rights" and then quotes *Ferstenberg* as disclosing "pollution rights"; there clearly now is no definition distinct from that of *Ferstenberg*.

At page 21, Appellant discusses *Ferstenberg* and observes that the cited elements are not Appellant's *disclosure*. No comparison given of *Ferstenberg* to Appellant's *claimed invention* is given.

At page 22, Appellant asserts that he disavows securities as intangible property, but provides no evidence of this. As well, the portions of his Specification cited above show this to be false.

There is no difference between the intangible property of the claims or the specification and that disclosed by *Ferstenberg*. The rejections must be maintained.

C. As shown above, the Examiner did not rely on *Dictionary* for a definition of intangible property in the rejection of claims Appellant argues in Issue 1. As to Appellant's option to amend, see MPEP 1214.07.

Issue 2

At page 23, Appellant argues that "invitation" of a seller to register an intangible property interest is not disclosed by *Ferstenberg* or other prior art The Examiner rejected the Claim over *Ferstenberg* alone with an understanding of what knowledge would have been available to one of ordinary skill in the related arts. Broadly and reasonably read, simple recording of properties to be sold would be obvious for simple accounting purposes; how does one maintain any type of selling system without proper tracking of items to be sold? Further, the claim language recites no particular limitation to read over this, having no other steps or related structural elements.

In response to Appellant's argument that stock exchanges do not invite stockowners to register property by the Internet, it *was* old and well known to artisans to register intangible properties for sale. For example, registration of to-be-sold securities with the Securities and

Exchange Commission has been done since 1934. This is in keeping with the understanding of Appellant's invention as marketing of financial intangible properties, an interpretation reasonable in light of the discussion of Issue 1 above. Additionally, the claim makes no mention of the Internet.

In response to Appellant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971) and the above discussion.

Issue 3

Appellant's comments on the filing date of *Harrington* is confusing. Appellant comments on the filing date of *Harrington* as though it was cited as a 102(b) reference published more than one year before Appellant's filing date. It is clearly a 102(e) reference, filed before Appellant's filing date, and is properly cited in combination with *Ferstenberg* to reject Claim 39.

At page 25, Appellant argues that *Harrington* does not specifically use the words "share" or "intangible." Despite Appellants simplified characterization of *Harrington* as merely an auction system, it also specifically discloses the auction of intangible properties as equity offerings at Col. 6, lines 14-16; equities are stocks that are sold as shares. For this reason, the claim does not distinguish over *Harrington*. As to Appellant's comments on "computing a

plurality of shares in an intangible property interest" further see *Harrington* at Col. 10, line 56 to Col. Col. 11, line 19, which clearly shows such calculation. Outputting of a prospectus is clearly shown at the cited passage of Col. 6, lines 27-30. Appellant selectively reads the reference that was cited for its whole teachings. At last paragraph of page 25, Appellant appears to address the Examiner's motivation to treat plural interest as a single entity, but provides no substantive argument as to why the reasoning is wrong. Appellant merely asserts that cited language does not show an element provide motivation; one of ordinary skill in trading arts would reasonably know that combination of several financial interests into one would simplify related processing of such interests.

Issue 4

At page 26, Appellant argues that the two references do not contain suggestion to combine. The Examiner specifically cited a motivation in *Crain's* which is unrefuted and is quoted from the Final Office Action as follows:

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the intellectual properties disclosed by Crain's in the method of Ferstenberg et al because this would have provided the benefit specifically disclosed by Crain's at page 2, bracketed text of helping small companies market their patents, copyrights and trademarks.

Appellant does not address the clear explanation of combination of *Ferstenberg* and *Crain's*. The combination is thus unchallenged and must stand. Appellant finally makes broad assertions regarding lack of evidence that intellectual property can be marketed but does not cite any particular element lacking in the rejections. Appellant appears to argue that claim 7 (states

claim 1) lacks intellectual property elements, but these are not present in claim 7. Such elements are present in the dependent claims and the limitation is correctly rejected as above.

Issue 5

Appellant's first argument is against *Ferstenberg* as set forth in Issue 1. This is already addressed above.

At page 27, Appellant again argues that the references themselves do not contain the motivation to combine the relied-upon references. In this case, the Examiner specifically cited benefits from *Brett* that Appellant does not address. See the rejection of claim 10 above. The motivation to combine set forth by the Examiner is not substantively challenged and the rejection must stand.

In response to Appellant's argument that the examiner's conclusion of obviousness is based upon improper hindsight reasoning, it must be recognized that any judgment on obviousness is in a sense necessarily a reconstruction based upon hindsight reasoning. But so long as it takes into account only knowledge which was within the level of ordinary skill at the time the claimed invention was made, and does not include knowledge gleaned only from the applicant's disclosure, such a reconstruction is proper. See *In re McLaughlin*, 443 F.2d 1392, 170 USPQ 209 (CCPA 1971). Appellant make an assertion of improper hindsight but provides no evidence at all that this was done.

Issue 6

Appellant's first argument at page 28 is against *Ferstenberg* as set forth in Issue 1. This is already addressed above.

Appellant argues again that no motivation to combine the references is found in the references themselves. The Examiner relied on the knowledge of one of ordinary skill in the trading arts to suggest the combination, as is proper. Appellant fails to even address the Examiner's motivation to combine, restated here for convenience.

It would have been obvious to one of ordinary skill in the art at the time of the invention to have provided such a selling method for the interests disclosed by Dictionary in the method of Ferstenberg et al because this would have provided a market for a form of collateralized loan such as is specifically disclosed by Ferstenberg et al as an item tradable in their method. See Col. 1, lines 12-22.

Ferstenberg discloses that collateralized mortgage obligations (loans) are traded; *Dictionary* shows that a second tangible property interests derive from such loans. The motivation to combine these elements is unchallenged and the rejections must stand.

Issue 7

Appellant's first argument at page 28 is against *Ferstenberg* as set forth in Issue 1. This is already addressed above.

Appellant argues that *Stallaert* fails to disclose the concepts of "intangible" and "shares" and "offering for sale shares in an intangible property interest". Appellant ignores his *own* citation of *Ferstenberg* at page 19 of the Appeal Brief. Appellant's own citation of the primary reference *Ferstenberg*, quoted below, clearly shows these elements; the discussion of *Stallaert* becomes irrelevant as the primary reference shows the limitations argued.

As discussed, this invention is particularly adapted to ***the exchange of financial commodities****, and in this section the preferred implementation adapted to this exchange is described. Financial commodities include such* ***intangibles as stocks*** (sold as shares) *and bonds, as well as contracts for the future exchange of tangible or intangible commodities, known as options. Preferably, these commodities are traded in financial markets during which publicly available bid and ask prices are established.*

Parenthesized material added.

Issue 8

Appellant's first argument at page 29 is against *Harrington* as set forth in Issue 3. This is already addressed above.

At page 26, Appellant restates argument made with respect to Issue 4 above, but applies them to the rejection of Claims 40 and 41 over *Harrington* in view of *Crain's*.

Appellant argues that the two references do not contain suggestion to combine. The Examiner specifically cited a motivation in *Crain's* that is unrefuted and is quoted from the Final Office Action as follows:

It would have been obvious to one of ordinary skill in the art at the time of the invention to have included the intellectual properties disclosed by Crain's in the method of Ferstenberg et al because this would have provided the benefit specifically disclosed by Crain's at page 2, bracketed text of helping small companies market their patents, copyrights and trademarks.

Appellant does not address the clear explanation of combination of *Harrington* and *Crain's*. The combination is thus unchallenged and must stand. Appellant finally makes broad assertions regarding lack of evidence that intellectual property can be marketed but does not cite any particular element lacking in the rejections. Appellant appears to argue that claim 7 (states claim 1) lacks intellectual property elements, but these are not present in claim 7. Such elements are present in the dependent claims and the limitation is correctly rejected as above.

Issue 9

Appellant's first argument at page 30 is against *Ferstenberg* as set forth in Issue 1. This is already addressed above.

Appellant restates arguments regarding a need for motivation to combine in the references themselves and asserts improper hindsight. These arguments are addressed above with respect to other claims and the Examiner' response to arguments in Issue 9 is similar.

Issue 10

Appellant's first argument at page 31 is against *Ferstenberg* as set forth in Issue 1. This is already addressed above.

Appellant again argues elements he sees lacking in *Stallaert* which are disclosed by the primary reference *Harrington*. At page 31, Appellant argues that *Harrington* does not specifically use the words "share" or "intangible." Despite Appellants simplified characterization of *Harrington* as merely an auction system, it also specifically discloses the auction of intangible properties as equity offerings at Col. 6, lines 14-16; equities are stocks that are sold as shares. For this reason, the claim does not distinguish over *Harrington*. Appellant argues against the combination of *Harrington* and *Stallaert* but cites no limitations missing from the cited references and provides no substantive argument against the combination. A bundle of rights to a thing is clearly disclosed by *Stallaert* as cited above at Col. 1, line 10 to Col. 3, line 32. Appellant does not dispute this.

For the above reasons, it is believed that the rejections should be sustained.

Respectfully submitted,

Examiner Charles Kyle

Charles Kyle

crk
February 16, 2005

Conferees

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